

WAIVER PROGRAMS FOR TWIA INSURANCE

Beginning in January of 1988, a Certificate of Compliance, WPI-8, has been required for all new construction, repairs, alterations, additions, re-roofs and remodeling in order for a structure to be eligible for wind coverage through the Texas Windstorm Insurance Association (TWIA). Maintaining the coverage requires a WPI-8 for any subsequent repairs, alterations, additions, re-roofs, and remodeling. In an effort to assist homeowners, who lost their wind coverage previously provided by the voluntary market and who do not have a WPI-8 for the structure, with obtaining winds coverage through TWIA, the Department implemented the WPI-8 Waiver Programs as described below.

Approval Program

In April, 2006, the Approval Program was implemented allowing residential property owners who had a residential structure without a WPI-8 on the entire structure to obtain windstorm coverage with TWIA if the insured structure had previously been insured for wind within the last 12 months and the wind coverage for that structure was cancelled or non-renewed by their insurer. The Approval Program ended for new insured's on August 31, 2009, but allows those with coverage to maintain that coverage provided they comply with statutory and TWIA underwriting guidelines, including obtaining a WPI-8 for any subsequent repairs, alterations, additions, re-roofs and remodeling.

Transition Program

Effective September 1, 2009, the Transition Program was implemented to continue the process of assisting residential property owners without a WPI-8 on the entire structure, an opportunity to obtain windstorm coverage through TWIA. Eligibility requirements were consistent with those of the Approval Program. The Transition Program was designated to expire on August 31, 2011; however, as a result of HB 3, passed by the 82nd Legislature, First Called Session, 2011, the Transition Program was extended through September 27, 2011 and converted to the Alternative Eligibility Program, effective September 28, 2011.

Alternative Eligibility Program

Under the Alternative Eligibility Program, residential property owners may continue to obtain wind coverage for their structure through TWIA without having to be previously insured for wind within the last 12 months as required under the previous waiver programs. Structures insured by TWIA as of August 31, 2012 must obtain an Alternative Certification for one of the qualifying components in order to renew coverage on or after August 31, 2013. Residential property owners who do not have windstorm coverage through the Alternative Eligibility Program by August 31, 2012 must obtain an alternative certification to be eligible for coverage through TWIA. An Alternative Certification provides evidence that a qualifying structural component complies with windstorm building code requirements.

Surcharge

A 15% surcharge applies to the premium for all structures written through the Approval, Transition or Alternative Eligibility programs; however, these structures maintain eligibility for coverage upon the sale of the home, foreclosure, lapse in coverage or if intervening private market coverage is obtained provided there is compliance with statutory and TWIA underwriting guidelines. Also, building code credits do not apply to any structure written through these programs.

NOTES:

HB3 essentially merges the transition program and alternative eligibility program, making the two programs one and the same.

Residential structures where alterations, additions, repairs, re-roofs, remodeling or new construction began after June 19, 2009 must have a certificate of compliance (WPI-8) for that work to be eligible for continued coverage with TWIA even though the structure may already be subject to a surcharge (under waiver) for other previous work where a WPI-8 was not secured.